Financial Statements
September 30, 2013 and 2012

360 Communities

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Financial Statements

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Independent Auditor's Report

The Board of Directors
360 Communities
Burnsville, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of 360 Communities, which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 360 Communities as of September 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 6, 2014, on our consideration of 360 Communities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That reports is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 360 Communities' internal control over financial reporting and compliance.

Other Matter

The 2012 financial statements of 360 Communities were audited by other auditors, whose reported dated January 28, 2013, expressed an unmodified audit opinion on those audited financial statements.

Eide Bailly LLP

Minneapolis, Minnesota
March 6, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash	$ 118,816	$ 50,875	$ -	$ 169,691
Investments	-	375,939	-	375,939
Accounts receivable				
Government grants and contracts	282,725	-	-	282,725
Promises to give and other receivables	4,494	19,115	-	23,609
Prepaid expenses	117,535	-	-	117,535
Property and equipment, net	568,511	-	-	568,511
Endowment				
Cash	-	-	136,312	136,312
Certificates of deposit	-	-	46,135	46,135
Promises to give, net	-	-	64,010	64,010
Total assets	$ 1,092,081	$ 445,929	$ 246,457	$ 1,784,467
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 73,258	$ -	$ -	$ 73,258
Accrued liabilities	312,736	-	-	312,736
Deferred revenue	193,483	-	-	193,483
Capital lease obligations	52,417	-	-	52,417
Total liabilities	631,894	-	-	631,894
Commitments and Contingencies				
Net Assets				
Unrestricted	460,187	-	-	460,187
Temporarily restricted	-	445,929	-	445,929
Permanently restricted	-	-	246,457	246,457
Total net assets	460,187	445,929	246,457	1,152,573
Total liabilities and net assets	$ 1,092,081	$ 445,929	$ 246,457	$ 1,784,467

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets				
Cash	$ 96,236	$ 49,941	$ -	$ 146,177
Investments	-	442,781	-	442,781
Accounts receivable				
Government grants and contracts	311,209	-	-	311,209
Promises to give and other receivables	3,397	35,435	-	38,832
Prepaid expenses	117,084	-	-	117,084
Property and equipment, net	655,898	-	-	655,898
Endowment				
Cash	-	-	26,340	26,340
Certificates of deposit	-	-	130,431	130,431
Promises to give, net	-	-	29,712	29,712
Deferred compensation arrangement investments	128,507	-	-	128,507
Total assets	$ 1,312,331	$ 528,157	$ 186,483	$ 2,026,971
Liabilities and Net Assets				
Liabilities				
Accounts payable	$ 94,678	$ -	$ -	$ 94,678
Accrued liabilities	290,717	-	-	290,717
Deferred revenue	167,609	-	-	167,609
Capital lease obligations	92,317	-	-	92,317
Deferred compensation arrangement liability	128,507	-	-	128,507
Total liabilities	773,828	-	-	773,828
Commitments and Contingencies				
Net Assets				
Unrestricted	538,503	-	-	538,503
Temporarily restricted	-	528,157	-	528,157
Permanently restricted	-	-	186,483	186,483
Total net assets	538,503	528,157	186,483	1,253,143
Total liabilities and net assets	$ 1,312,331	$ 528,157	$ 186,483	$ 2,026,971

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 190,218	$ -	$ -	$ 190,218
Government grants	2,277,696	-	-	2,277,696
Contributions	696,471	550,689	59,974	1,307,134
Special event revenue	104,524	-	-	104,524
Less: Costs of direct benefits to donors	(23,289)	-	-	(23,289)
Program fees	12,610	-	-	12,610
Net investment return	27,345	-	-	27,345
Miscellaneous	44	-	-	44
Total support and revenue before net assets released from restrictions	3,285,619	550,689	59,974	3,896,282
Net assets released from restrictions	632,917	(632,917)	-	-
Total support and revenue	3,918,536	(82,228)	59,974	3,896,282
Expenses				
Program services	3,305,089	-	-	3,305,089
Management and general	453,523	-	-	453,523
Fundraising	238,240	-	-	238,240
Total expenses	3,996,852	-	-	3,996,852
Change in Net Assets	(78,316)	(82,228)	59,974	(100,570)
Net Assets, Beginning of Year	538,503	528,157	186,483	1,253,143
Net Assets, End of Year	$ 460,187	$ 445,929	$ 246,457	$ 1,152,573

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue				
United Way	$ 215,762	$ -	$ -	$ 215,762
Government grants	2,273,584	-	-	2,273,584
Contributions	784,311	378,678	21,116	1,184,105
Special event revenue	96,578	-	-	96,578
Less: Costs of direct benefits to donors	(23,192)	-	-	(23,192)
Program fees	6,000	-	-	6,000
Net investment return	58,250	-	-	58,250
Miscellaneous	27,218	-	-	27,218
Total support and revenue before net assets released from restrictions	3,438,511	378,678	21,116	3,838,305
Net assets released from restrictions	458,742	(458,742)	-	-
Total support and revenue	3,897,253	(80,064)	21,116	3,838,305
Expenses				
Program services	3,236,963	-	-	3,236,963
Management and general	628,313	-	-	628,313
Fundraising	193,935	-	-	193,935
Total expenses	4,059,211	-	-	4,059,211
Change in Net Assets	(161,958)	(80,064)	21,116	(220,906)
Net Assets, Beginning of Year	700,461	608,221	165,367	1,474,049
Net Assets, End of Year	$ 538,503	$ 528,157	$ 186,483	$ 1,253,143

	Program Services					Supporting Services		
	B. Robert Lewis Houses	Community Resources	Early Childhood Services	Partners For Success	Total	Management and General	Fundraising	Grand Total
Salaries	$ 816,740	$ 315,309	$ 300,496	$ 609,390	$ 2,041,935	$ 186,584	$ 169,013	$ 2,397,532
Employee Benefits	94,599	37,464	35,358	69,938	237,359	23,341	19,871	280,571
Payroll Taxes	69,842	27,754	26,019	55,420	179,035	3,935	14,772	197,742
Professional Services	38,146	4,046	5,423	21,663	69,278	48,843	5,380	123,501
Supplies	4,922	4,246	1,611	701	11,480	3,748	1,677	16,905
Telephone	38,883	18,779	6,601	1,053	65,316	16,879	2,356	84,551
Postage	2,142	548	832	133	3,655	4,264	4,889	12,808
Occupancy	144,588	80,374	18,154	7,103	250,219	33,979	3,953	288,151
Equipment Rental	35,834	1,674	7,543	132	45,183	25,921	560	71,664
Printing	6,356	3,092	1,463	485	11,396	8,384	9,570	29,350
Program Materials	2,886	1,555	57	-	4,498	2,942	245	7,685
Transportation	8,454	5,063	19,104	8,218	40,839	1,781	1,674	44,294
Conferences	11,532	1,416	176	603	13,727	6,902	24,281	44,910
Special Assistance	38,612	198,575	-	1,385	238,572	-	-	238,572
Shelter Care Supplies	12,636	-	-	-	12,636	-	-	12,636
Insurance	8,662	399	489	-	9,550	29,823	-	39,373
Miscellaneous	5,520	3,728	940	1,717	11,905	8,457	2,403	22,765
Interest	1,612	1,800	373	168	3,953	2,014	885	6,852
Total expenses before depreciation and amortization	1,341,966	705,822	424,639	778,109	3,250,536	407,797	261,529	3,919,862
Depreciation and amortization	49,842	4,711	-	-	54,553	48,650	-	103,203
Total expenses	$ 1,391,808	$ 710,533	$ 424,639	$ 778,109	$ 3,305,089	$ 456,447	$ 261,529	4,023,065
Less expenses included with revenues on the statement of activities								
Investment and custodial fees	-	-	-	-	-	2,924	-	2,924
Cost of direct benefit to donors	-	-	-	-	-	-	23,289	23,289
Total expenses included in the expense section on the statement of activities	$ 1,391,808	$ 710,533	$ 424,639	$ 778,109	$ 3,305,089	$ 453,523	$ 238,240	$ 3,996,852

	Program Services					Supporting Services		
	B. Robert Lewis Houses	Community Resources	Early Childhood Services	Partners For Success	Total	Management and General	Fundraising	Grand Total
Salaries	$ 777,579	$ 367,218	$ 274,503	$ 510,651	$ 1,929,951	$ 267,349	$ 121,030	$ 2,318,330
Employee Benefits	79,034	38,475	30,162	56,367	204,038	41,830	11,026	256,894
Payroll Taxes	87,129	40,557	30,705	58,213	216,604	32,604	13,860	263,068
Professional Services	42,039	7,604	6,954	24,319	80,916	98,715	10,761	190,392
Supplies	5,977	3,746	2,153	718	12,594	4,854	3,619	21,067
Telephone	41,647	15,990	5,879	1,303	64,819	16,763	2,003	83,585
Postage	1,543	444	471	58	2,516	4,421	3,939	10,876
Occupancy	160,927	81,753	18,469	6,413	267,562	36,041	3,468	307,071
Equipment Rental	50,175	4,195	971	688	56,029	28,232	769	85,030
Printing	7,655	4,092	962	873	13,582	9,510	12,235	35,327
Program Materials	2,153	1,438	918	-	4,509	1,677	109	6,295
Transportation	10,309	6,088	16,889	6,914	40,200	1,550	1,996	43,746
Conferences	11,920	1,907	906	662	15,395	5,139	28,800	49,334
Special Assistance	38,554	193,292	-	1,088	232,934	-	25	232,959
Shelter Care Supplies	14,131	-	-	-	14,131	-	-	14,131
Insurance	8,660	653	489	-	9,802	26,454	-	36,256
Miscellaneous	6,057	4,539	755	1,479	12,830	5,694	2,445	20,969
Interest	98	1,910	511	220	2,739	6,495	1,042	10,276
Total expenses before depreciation and amortization	1,345,587	773,901	391,697	669,966	3,181,151	587,328	217,127	3,985,606
Depreciation and amortization	51,987	3,825	-	-	55,812	43,537	-	99,349
Total expenses	$ 1,397,574	$ 777,726	$ 391,697	$ 669,966	$ 3,236,963	$ 630,865	$ 217,127	4,084,955
Less expenses included with revenues on the statement of activities								
Investment and custodial fees	-	-	-	-	-	2,552	-	2,552
Cost of direct benefit to donors	-	-	-	-	-	-	23,192	23,192
Total expenses included in the expense section on the statement of activities	$ 1,397,574	$ 777,726	$ 391,697	$ 669,966	$ 3,236,963	$ 628,313	$ 193,935	$ 4,059,211

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	$ (100,570)	$ (220,906)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation and amortization	103,203	99,349
Realized and unrealized (gain) loss on investments	(11,125)	(39,160)
Provision for (recovery of) doubtful loans	(194)	(194)
Contributions and grants received, restricted for long-term use	(59,974)	(21,116)
Changes in assets and liabilities		
Government grants and contracts receivable	28,484	278,197
Promises to give and other receivables	(19,075)	6,031
Deferred compensation arrangement assets, net	128,507	(31,918)
Prepaid expenses	(451)	(22,605)
Accounts payable	(21,420)	22,447
Accrued liabilities	22,019	(87,215)
Deferred revenue	25,874	23,935
Deferred compensation arrangement liability, net	(128,507)	31,918
Net Cash from (used for) Operating Activities	(33,229)	38,763
Cash Flows from Investing Activities		
Purchases of property and equipment	(15,819)	(45,279)
Proceeds from certificates of deposits, investments and loan funds	120,000	167,809
Purchases of certificates of deposits, investments, loan funds and endowment funds	(33,216)	(35,993)
Net Cash from Investing Activities	70,965	86,537
Cash Flows from Financing Activities		
Contributions and grants received, restricted for long-term use	25,678	21,116
Payments of capital lease obligations	(39,900)	(34,868)
Net Cash from (used for) Financing Activities	(14,222)	(13,752)
Net Change in Cash	23,514	111,548
Cash, Beginning of Year	146,177	34,629
Cash, End of Year	$ 169,691	$ 146,177

	2013	2012
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 6,852	$ 10,276
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Equipment financed through capital lease arrangement	$ -	$ 42,500

Note 1 - Principal Activity and Significant Accounting Policies

Organization

360 Communities (Organization) is a non-profit corporation organized under the laws of the State of Minnesota to provide human services. The Organization provides support to the people and communities in Dakota County and eastern Scott County of Minnesota to prevent violence, ensure school success, and to promote long-term economic self-sufficiency. The Organization has served people with issues such as domestic violence, sexual assault, and has provided family support services for over three decades and is a recognized leader in community initiatives. Working in partnerships with volunteers, schools, congregations, service organizations and businesses, the Organization provides the following programs:

- B. Robert Lewis Houses – a program which runs two domestic abuse shelters and provides domestic violence intervention and prevention services.
- Community Resources – a program to provide for the basic needs for families and engaging the community to address the communities' needs.
- Early Childhood Services – a program to provide child care resources and services to at-risk families to facilitate healthy pregnancies, optimal child development, and school age children ready to learn.
- Partners for Success – a program to provide school-based and community-based family support services.

Cash and Cash Equivalents

360 Communities considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses, less investment manager and custodial fees.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for services provided under grant and service contracts with governmental agencies, and generally considers such agreements to be exchange transactions. Receivables arising from such government grants and contracts are recorded at their net realizable value, and generally no collateral is required. The Organization follows a policy of providing an allowance for doubtful accounts; however, the Organization considers all such accounts to be collectible and thus an allowance is not necessary. Such receivables are expected to be collected within the following year. Amounts receivable under governmental contracts would be considered delinquent if the account is more than 90 days past the original due date and are written off when such accounts are determined to be uncollectible. There were no significant delinquent government contracts receivable at September 30, 2013 and 2012.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Organization follows a policy of providing an allowance for uncollectible promises to give based upon management's judgment, including such factors as prior collection history and type of contribution. An allowance for uncollectible promises to give related to operations has been provided. Management is of the belief that its promises to give related to its endowment program and its other grant receivables are fully collectible in all material respects and thus an allowance is not considered necessary for those receivables.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 19 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Long-lived assets, such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals.

Deferred Revenue

Deferred revenue represents advances on grants and contracts with governmental agencies. Such grant and contract revenue is recognized as support in the period in which it is earned.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets available for use in general operations.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Contributions of facility usage, materials or qualifying services are recorded at their estimated fair value at the date of receipt. The Organization did not have a process in place to track and record contributed food shelf materials for the years ended September 30, 2013 and 2012. Therefore no such contributed food shelf materials were recorded for the years ended September 30, 2013 and 2012.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising

The Organization expenses the costs of advertising as incurred. Advertising expense was $6,599 and $4,424 for the years ended September 30, 2013 and 2012, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

360 Communities is organized as a Minnesota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organization is subject to income tax on net income that is derived from business activities that are unrelated to the exempt purpose. The organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due reputable donors and governmental agencies. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through March 6, 2014 the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements and Disclosures

The Organization's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or non-recurring basis adhere to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The Organization’s investment assets are classified within Level 1 because they are comprised of mutual funds, money market cash and marketable securities with readily determinable fair values based on daily redemption values. Investments valued at NAV are classified as Level 2 if the Organization has the ability to redeem the investment at NAV per share, or its equivalent, at the measurement date or within the near term; otherwise the investment is classified within Level 3.

The following table presents assets and liabilities measured at fair value on a recurring basis at September 30, 2013 and 2012:

	2013			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurements Using (Level 1)	(Level 2)	(Level 3)
Investments				
Mutual funds - equities	$ 42,350	$ 42,350	$ -	$ -
Mutual funds - fixed income	44,411	44,411	-	-
Mutual funds - other	140,201	140,201	-	-
Mutual funds - commodities	5,105	5,105	-	-
Bonds	31,070	-	31,070	-
Marketable securities	12,869	12,869	-	-
Money market cash	15,203	15,203	-	-
Bank certificates of deposit	84,730	-	84,730	-
	$ 375,939	$ 260,139	$ 115,800	$ -

	2012			
	Fair Value Carrying Amount in the Statement of Financial Position	Fair Value Measurements Using		
		(Level 1)	(Level 2)	(Level 3)
Investments				
Mutual funds - equities	$ 53,724	$ 53,724	$ -	$ -
Mutual funds - fixed income	92,174	92,174	-	-
Mutual funds - other	83,123	83,123	-	-
Mutual funds - commodities	5,809	5,809	-	-
Marketable securities	15,094	15,094	-	-
Money market cash	109,647	109,647	-	-
Bank certificates of deposit	83,210	-	83,210	-
	442,781	359,571	83,210	-
Deferred compensation arrangement investments held in Rabbi trust, mutual funds	128,507	128,507	-	-
	$ 571,288	$ 488,078	$ 83,210	$ -

Note 3 - Net Investment Return

Net investment return consists of the following for fiscal years ended September 30, 2013 and 2012:

	2013	2012
Interest and dividends	$ 19,144	$ 19,702
Net realized and unrealized gain (loss)	11,125	38,548
Less investment management and custodial fees	(2,924)	(2,522)
	$ 27,345	$ 55,728

Note 4 - Promises to Give and Other Receivables

Promises to give and other receivables consisted of the following:

	2013	2012
Endowment, future year	$ 83,888	$ 92,177
Less unamortized discount	(19,878)	(62,465)
	64,010	29,712
Contributions receivable	19,312	35,632
Less allowance for uncollectible pledges	(197)	(197)
	19,115	35,435
Other receivables	4,494	3,397
Total contributions, endowment, pledges and other receivables	$ 87,619	$ 68,544
Amounts due in:		
Less than one year	$ 32,096	$ 47,381
One to five years	33,160	33,160
More than five years	42,438	50,665
	107,694	131,206
Less allowance for uncollectible pledges	(197)	(197)
Less unamortized discount (5.05%)	(19,878)	(62,465)
Total contributions, endowment, pledges and other receibables	$ 87,619	$ 68,544

The Organization receives funding from various organizations and agencies. The Organization received approximately $1,331,000 and $1,361,000 from the State of Minnesota to fund various programs, generally under annual contracts, for the years ended September 30, 2013 and 2012, respectively. Of this amount, approximately $1,196,000 and $1,244,000 was for services provided at the B. Robert Lewis Houses for the years ended September 30, 2013 and 2012, respectively. Additionally, approximately $566,000 and $636,000 of the funds received from the State of Minnesota during the years ended September 30, 2013 and 2012, respectively, represent funds passed through from the Federal government. Accounts receivable at September 30, 2013 and 2012 included approximately $139,000 and $168,000, respectively, of receivables from the State of Minnesota. Deferred revenue included $23,700 and $14,400 received for various programs funded by the State of Minnesota at September 30, 2013 and 2012, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following at September 30, 2013 and 2012:

	2013	2012
Land	$ 94,950	$ 94,950
Buildings	510,738	510,738
Leasehold and building improvements	520,221	515,922
Equipment and furniture	435,750	431,525
	1,561,659	1,553,135
Less accumulated depreciation and amortization	993,148	897,237
Property and equipment, net	$ 568,511	$ 655,898

Note 6 - Lease Obligations and Contributed Facility Usage

The Organization leases space for one of its domestic abuse shelters for $1 per year from a local real estate development company. The Organization recorded $81,673 and $106,530 of contribution revenue and occupancy expense for each of the years ended September 30, 2013 and 2012, respectively. The Organization has recorded contribution revenue and occupancy expense for this space based on the estimated fair value of the donation. The lease is for twenty-five years (through 2026) but is cancelable with notice.

The Organization leases its office facility, vehicles, and certain equipment under operating and capital leases. The Organization is obligated to pay costs of insurance, taxes, repairs and maintenance pursuant to the terms of the leases. In November 2008, the Organization entered into a furniture capital lease that requires annual payments of $26,144 through December 2013, including interest at an implicit rate of 7.99%. In November of 2010, the Organization entered into a capital lease for a copier requiring annual payments of $9,154, through November 2015 with an implicit interest rate of 9.29%. The Organization had an initial capital lease obligation for this lease of $36,500. In November of 2011 the Organization entered into a capital lease for a copier requiring annual payments of $10,690, through September 2016 with an implicit interest rate of 9.42%. The Organization had an initial capital lease obligation for this lease of $42,500. Interest expense related to the capital leases was $6,852 and $10,276 for the years ended September 30, 2013 and 2012, respectively. The total of the Organization's capital lease obligations was $52,417 and $92,317 at September 30, 2013 and 2012, respectively.

The Organization leased one vehicle under an operating lease, requiring annual payments of approximately $5,400 which was terminated in February 2012. The Organization leases one copier under an operating lease, requiring total annual payments of approximately $3,600. This lease expires in fiscal year 2014.

The Organization leases additional office space under an agreement which requires monthly rent ranging from $6,788 to $7,642 through December 2015. In addition to monthly base rent, the Organization is required to pay a pro rata share of the facility's maintenance and real estate taxes. The office space lease agreement contains escalating monthly payments. In accordance with generally accepted accounting principles, the Organization recognizes rental expense on a straight-line basis and records the difference between the accumulated monthly lease payments and the accumulated straight-line expense incurred as deferred rent. The Organization had a deferred rent liability of $10,109 and $11,204 at September 30, 2013 and 2012, respectively.

Total rental expense under operating leases was $134,480 and $135,305 for the years ended September 30, 2013 and 2012, respectively.

Property and equipment included the following amounts for the capital leases at:

	2013	2012
Equipment and furniture	$ 186,474	$ 186,474
Less accumulated amortization	96,252	65,099
Net equipment and furniture under capital lease	$ 90,222	$ 121,375

At September 30, 2013, the Organization had the following minimum commitments by fiscal year for payments of rentals under leases which at inception had a noncancellable term of more than one year:

Years Ending September 30,	Capital Leases	Operating Leases
2014	$ 26,366	$ 89,457
2015	19,845	91,254
2016	11,453	22,927
2017	1,782	-
Total lease commitments	59,446	$ 203,638
Less amount representing interest	6,408	
Present value of minimum lease payments	$ 53,038	

Note 7 - Endowment Funds

The Organization’s endowment consists of a fund established for the purpose of providing funds for the B. Robert Lewis Houses Program. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization’s Board of Trustees has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2013 and 2012, there were no such donor stipulations. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment (including promises to give net of discount and allowance for doubtful accounts and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporary restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Organization has adopted investment and spending policies for endowment assets that provide for the preservation of capital and to provide a predictable stream of funding to the program supported by its endowment. The Organization utilizes cash accounts to achieve its long-term return objectives with prudent risk constraints.

As of September 30, 2013 and 2012, the Organization had the following endowment net asset composition by type of fund:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2013				
Donor-restricted for permanent endowment	$ -	$ -	$ 246,457	$ 246,457

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2012				
Donor-restricted for permanent endowment	$ -	$ -	$ 186,483	$ 186,483

Changes in Endowment net assets for the year ending September 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 186,483	$ 186,483
Investment income net of fees	-	672	-	672
	-	672	186,483	187,155
Contributions	-	-	59,974	59,974
Appropriations for expenditure	-	(672)	-	(672)
Endowment net assets, end of year	$ -	$ -	$ 246,457	$ 246,457

Changes in Endowment net assets for the year ending September 30, 2012 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 160,805	$ 160,805
Investment income net of fees	-	1,256	-	1,256
	-	1,256	160,805	162,061
Contributions	-	-	25,678	25,678
Appropriations for expenditure	-	(1,256)	-	(1,256)
Endowment net assets, end of year	$ -	$ -	$ 186,483	$ 186,483

Note 8 - Net Assets

Temporarily restricted net assets at September 30, 2013 and 2012, were available for the following purposes at:

	2013	2012
Partners for Success	$ 98,257	$ 87,525
Community Resources	334,584	417,984
General Operations (time restricted)	-	13,548
B. Robert Lewis Houses	13,088	9,100
Total temporarily restricted net assets	$ 445,929	$ 528,157

Net assets were released from donor restrictions during the years ended September 30, 2013 and 2012 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor as follows:

	2013	2012
Program restrictions released		
Partners for Success	$ 174,101	$ 92,678
Community Resources	401,656	326,630
Early Childhood Services	22,500	15,170
General Operations (time restricted)	13,548	18,750
B. Robert Lewis Houses	21,112	5,514
Total net assets released from restrictions	$ 632,917	$ 458,742

At September 30, 2013 and 2012, the Organization had permanently restricted endowment net assets of $246,457 and $186,483, respectively. The principal is to be invested in perpetuity and the investment income thereon may be expended for certain B. Robert Lewis Houses Program activities (intervention and prevention). The endowment investment earnings are generally fully appropriated in each year.

Note 9 - Employee Benefit Plan

The Organization participates in a multiemployer defined benefit pension plan in which 16 other agencies also participate. Of the approximate 1,400 participants, 7% are 360 Communities employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees do not earn additional defined benefits for future services.

Because the plan's unfunded projected termination liability of $537,467 exceeds the fair market value of plan assets, continued annual contributions will be required in order to achieve full funding. If any participating agency defaults on their annual contributions, the remaining agencies assume the liability and contributions of the agency in default. Plan assets are invested based on a long term investment strategy and held approximately 30% in fixed income securities and 70% in equity accounts. The Organization had pension expense of $74,433 and $54,600 respectively for the years ended September 30, 2013 and 2012.

Effective October 1, 2012, the Organization adopted Accounting Standards Update 2011-09 (ASU No. 2011-09), *Disclosures about an Employer's Participation in a Multiemployer Plan*, which requires additional disclosures about employers' participation in multiemployer pension plans including information about the plan's funded status if it is readily available.

During 2012, the plan name was changed from the Defined Benefit Pension Plan for the Employees of Greater Twin Cities United Way and Participating Affiliated Agencies to the Twin Cities Nonprofit Partners Pension Plan.

The following table presents information concerning the Organization's participation in the multiemployer defined benefit pension plan (for the plan years ended December 31, 2012 and 2011):

	2012	2011
	Twin Cities Nonprofit Partners Pension Plan	Defined Benefit Pension Plan of Greater Twin Cities United Way and Participating Affiliated Agencies
EIN/Plan Number	41-1973442/333	41-1973442/333
Plan Year End	12/31/2012	12/31/2011
Pension Protection Act % Funded	90%	94%
Contributions by 360 Communities	$ 75,433	$ 54,600
Contributions as a % of Total Combined	4.70%	3.40%
Rehabilitation Plan Status	N/A	N/A

The Organization established a defined contribution 403(b) plan on January 1, 2005. During 2012, the Organization elected not to contribute the full discretionary contribution which had been accrued for at September 30, 2011, resulting in a reduction in contribution expense of $38,955 which was recognized in the year ended September 30, 2012. The Organization elected not to accrue for a 2012 discretionary contribution to be paid in fiscal year 2013 nor accrue for a 2013 discretionary contribution to be paid in fiscal year 2014.

The Organization established a non-qualified deferred compensation arrangement for certain management employees, which provided for elective deferrals of the eligible employee's compensation up to the IRS limitations. The Organization maintains investment assets under this arrangement in a Rabbi trust. The investments are self-directed by the employee and offset the related deferred compensation liability. The investments consist primarily of mutual fund type investments, and are stated at fair value. Any earnings on the investments are offset by a like change to the deferred compensation liability and related costs. The investment balance and related liability was $128,507 at September 30, 2012. Net deferred compensation expense was $22,000 for the year ended September 30, 2012, which includes the employee's elective deferral and investment returns. The Organization froze the deferred compensation arrangement in fiscal year 2012 and it was paid out in full during 2013.